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INTELLIGENCE MEMORANDUM

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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Intelligence Memorandum

Subject: The Communist Threat in Guatemala

1. Recent political developments in Guatemala suggest that President Arbenz, who took office three months ago, will find it difficult to initiate a moderate administration policy favorable to US interests. Such a policy is opposed by the Communists, by the radical Partido Accion Revolucionaria (PAR), and by the pro-Communist labor movement. These groups have demonstrated increased activity and influence in recent months, and the labor movement may receive aid for its anti-US campaign through the USSR-sponsored WFTU (World Federation of Trade Unions). To date, Arbenz has encouraged and aided the extreme leftists, to whom he owes a significant political debt. Although he appears to desire a conciliatory policy toward the US, he is in a poor position to take immediate or decisive action toward such a goal. This situation makes Guatemala -- already a training ground for Central American Communist leaders -- one of the most vulnerable targets for the intensified effort through which the USSR hopes to undermine US prestige and influence. Even though it contributes little, militarily or economically, to US security, Guatemala can provide a dangerous example of independent, nationalistic, and anti-US action.
2. Since early this year, the recognizable Communists have become more active and outspoken in Guatemala, though the existence of a Communist Party remains technically unconstitutional. In a number of ways they have tested -- to their advantage -- the tolerance of the Arbenz administration. They have, for example, openly referred to the Communist Party in public announcements, have forced administration officials to take a leftist stand on controversial issues, have sought to undermine or forestall cooperation between Guatemala and the US, have helped to instigate strikes, and have, in general, taken advantage of every opportunity to expound the Communist propaganda line.
3. The political objectives of the Communists are, in large part, paralleled by the objectives of the leftist, pro-labor Partido Accion Revolucionaria, which provided Arbenz with his main support during the presidential campaign. This party is infiltrated by Communists and Communist sympathizers, and dominates the new Guatemalan Congress. Within the PAR itself, the extreme leftist faction has gained the ascendancy in recent months. With the help of Communists and other leftists, the PAR extremists elected their candidate, Roberto Alvarado Fuentes, as President of Congress -- thereby establishing him as legal successor to Arbenz should the latter become incapacitated for office. Alvarado Fuentes, who is also Secretary General of the PAR, has closely identified himself with the Communist-sponsored "Peace Campaign" and has given clear evidence of pro-Communist sympathies. PAR extremists have also succeeded in bringing about

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the appointment of Communist fellow travelers to the National Electoral Board and to the Guatemalan Institute of Social Security. They have forced more moderate PAR leaders into the background, and have recently caused Augusto Charnaud MacDonald, the current Minister of Finance, to resign from the party. Should the extremists succeed in forcing Charnaud MacDonald out of the Arbenz Cabinet -- as seems to be their objective -- it would provide significant evidence of extremist influence over the executive.

4. Within the labor movement -- organized with Communist help during the Arevalo administration -- Communists and extremists retain over-all leadership. Moreover, indirect USSR subsidization is indicated by the formation of a new committee for labor units, sponsored by high officials of the WFTU and the CTAL (Confederacion de Trabajadores de America Latina). It seems probable that this labor unity is now being financed by the WFTU in order that Guatemala may become a proving ground for the intensified program through which the WFTU hopes to coordinate and direct anti-US labor activities in Latin America. This program, among other objectives, seeks the nationalization of railroads and other industries which are in the hands of foreigners, and it seems probable that agitation for the nationalization of the IRCA (International Railways of Central America) -- and possibly other United Fruit Company interests in Guatemala -- may be forthcoming. There is, at present, no indication that the Guatemalan railway workers' union will not follow the nationalist line, even though it is no longer led by Communists.

5. The Arbenz administration has, to date, tended to accommodate itself to the political pressures of the PAR and the pro-Communist labor movement. It has (1) defined UN action in Korea as "intervention," (2) emphasized that Guatemala is under no obligation to contribute to the UN military effort, (3) forced a settlement of the illegal railway workers' strike on terms unfavorable to the US-owned IRCA railway, (4) officially welcomed the Communist-sponsored international transport workers' conference, (5) aided the Communist-dominated May Day demonstration, (6) facilitated the dissemination of Communist propaganda by radio and press, (7) approved the appointment of pro-Communists to influential government posts, and (8) indirectly supported the Communist-sponsored "Peace Campaign."

6. There is little evidence that the administration will act to oppose or suppress anti-US elements in the near future, although President Arbenz and other officials have indicated that they favor cordial relations with the US. The unwillingness of the administration to act is a consequence of the strategy followed by Arbenz -- an opportunistic and unprincipled politician -- to insure his election. This strategy involved intentionally weakening anti-Communist elements (the armed forces and moderate and conservative political groups) while encouraging and strengthening leftist factions and the militant Communist-inspired labor organizations. Because the new administration owes a political debt to these well-organized leftist groups and must still rely on them for support, it cannot afford to alienate their leaders. Moreover, President Arbenz might place himself in personal danger should he now attempt to curb extremist activities. This situation

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leaves Guatemala more vulnerable than any other Latin American country to an intensified program of Communist agitation, particularly if such a program should receive substantial foreign aid. That such aid might be forthcoming is suggested by the formation of the labor unity committee under the sponsorship of the Soviet-backed WFTU.

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